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THE UNIVERSITY OF MICHIGAN
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OUR HISTORIC TRADE WITH LATIN AMERICA

ROLE OF AGRICULTURE IN TRADE EXPANSION

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

APRIL 6, 1964

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Harvesting green beans in Mexico's Culiacan Valley. Mexican farmers do a big winter vegetable business with their northern neighbors but beans are a comparatively new crop.

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Pan American Day marks another anniversary in

Our HISTORIC TRADE with LATIN AMERICA

DEPOSITED BY THE
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Pan American Union, Washington, D.C.

Next week, on April 14, the Pan American Union, now a part of the Organization of American States, will observe its 74th anniversary.

From the start, this nonpolitical association concentrated on trade, its charter listing its purpose "to promote good relations among the American Republics through trade relationships and exchange of information pertaining to commerce." Yet this is only another milestone in the historic trade between the Americas that began back in the 17th century when the American Colonies were shipping cargoes of flour, codfish, and beef to the Spanish Territories in the Caribbean in return for their sugar, molasses, and fruit.

Today this mutual exchange of products represents the largest hemispheric trade in the world, and much of it is agricultural. The United States takes over three-fourths of Latin America's coffee and bananas, 40 percent of its cocoa beans, and a large part of the sugar (excluding Cuba's) that it sells on world markets.

These and other Latin American products, valued at $4.0 billion, accounted for nearly one-fourth of total U.S. imports in 1963. But this trade is not a one-way street. It provides the basis for U.S. exports of industrial and manufactured goods as well as a wide range of agricultural commodities to Latin American markets each year.

Decade of progress

Trade relationships between the Americas were greatly strengthened by the favorable economic growth which occurred during the decade following World War II. In the United States this growth spurred demand for agricultural and mineral products under terms of trade which were very favorable to the Latin American nations, and, in turn, this increased trade contributed to significant rises in the per capita gross national product of the Latin American Republics.

This decade of progress created in Latin America a growing market for U.S. farm products. Urban development, rapid population growth, and improved incomes in Brazil, Chile, Colombia, Cuba, Mexico, Peru, Venezuela, and the Central American countries, upped the demand for our grains, fats and oils, fruits, vegetables, meat, and dairy products. As a result, the value of U.S. agricultural exports to the Latin American Republics rose from an average of $46 million for the prewar period, 1935-39, to $448 million for the 1950-54 period.

After the mid-1950's, as expected production around the world increased competition and weakened world market prices for most Latin American exports, the demand for U.S. agricultural imports slowed down. Depressed world prices contributed to reduced foreign exchange earnings, inflationary pressures, and a general tapering-off in economic growth. Trade restrictions and other measures adopted to conserve scarce foreign exchange and capital resources generally favored those products needed to maintain industrial development.

In consequence, the nature of our trade with Latin America changed. Today approximately one-third of our food shipments to the area fall under the Food for Peace program, which is based on Public Law 480 enacted in 1954. Oriented to the economic objectives of developing nations, this law permits them to purchase their needed foodstuffs in their own currency. The law is also geared to long-range expansion of agricultural trade. Its effectiveness is evidenced from the fact that last year U.S. agricultural exports to Latin America (excluding Cuba, once our leading L.A. market) were valued at $485 million compared to the 1950-54 average of $331 million.

Looking to the future

The future of our trade with Latin America is closely related to the area's economic progress. These countries continue to face serious problems of stabilization and economic adjustment. They are unable to expand their agriculture to meet rapidly increasing consumption and export needs. Their weakened foreign exchange position continues to affect productive investment, and inflation still persists.

To overcome some of these difficulties two free trade areas have been organized in Latin America: The Latin American Free Trade Association (LAFTA), which associates Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, and Uruguay; and the Central American Free Trade Association (CAFTA), linking Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. The goal of these two associations, as with all common market groupings, is to foster trade among the member countries and promote economic growth.

Even more important as positive factors are the Food for Peace program and the Alliance for Progress. By obtaining agricultural commodities under Food for Peace, the Latin American countries can more fully satisfy their food needs and, at the same time, apply their scarce foreign exchange earnings to economic development. The Alliance for Progress, in which the United States is the principal partner, is also expected to stimulate economic growth, improve levels of income, and further the demand for food and fiber.

HOWARD L. HALL, *Regional Analysis Division, ERS*

Christian A. Herter, *Special Representative for Trade Negotiations, in the following address before the Economic Club of Detroit on March 30, discusses the approach that the United States will take at the Kennedy Round of GATT negotiations with regard to our agricultural products.*

The Role of Agriculture in Trade Expansion

Trade is front and center on the international stage this year. The UN Conference on Trade and Development got under way in Geneva last week, as you know. And the sixth round—the "Kennedy Round," as it is widely called—of negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT, for short) will open in the same city, May 4.

It is the Kennedy Round for which my office is responsible, and which I shall discuss today—but I hope you will follow the course of the UN conference in your newspapers, for it will have a considerable bearing on the GATT negotiations, particularly as they relate to the less-developed countries.

It was the Trade Expansion Act of 1962 which made the Kennedy Round possible. Because the European Common Market was often mentioned in the course of the debates leading to the enactment of this historic legislation, there is still in many quarters, I believe, a tendency to think that these negotiations amount to a duet — sometimes harmonious, sometimes sounding less so—between the European Economic Community (the EEC) and ourselves.

Our trade in perspective

Here in Detroit, where you export with vigor, ingenuity, and enterprise to the whole wide world, you take a broader view. Our biggest single market—Canada—is just a tunnel's length away. Taking exports and imports together, total U.S. trade with our northern neighbor is almost $8 billion a year, whereas the total with the Common Market is $6.5 billion. Indeed, our trade with the rest of Europe (mainly Britain and her fellow-members of the European Free Trade Association, the so-called "Outer Seven") is $5.4 billion a year, almost as much as with the Common Market. Our trade with Asia, Australia, and New Zealand amounts to $9 billion, 36 percent of it with Japan alone, and our trade with Latin America $7.6 billion.

Thus, the Common Market is not in fact our principal trading partner, nor are we theirs. The Common Market does almost $20 billion worth of trade with the rest of Europe, including the Soviet bloc, three times what they do with us. With EFTA alone, they do $14 billion worth of business, over twice what they do with us. Their trade with Asia, Australia, and New Zealand is $7 billion, and with Africa $6.6 billion—both slightly more than with the United States.

I cite these figures not to imply in any way that our trade with the Common Market is not important; it is, and it should expand with the dynamic growth of this new and vigorous trading entity. I cite these figures rather to show that, great as our stake and that of the EEC is in trade with each other, the stake each of us has in the general expansion of world trade is much greater. And it is the overall expansion of world trade which is the goal of the the coming GATT negotiations. If all of us could match the pace set by the European Free Trade Association—which, per capita, does roughly double the amount of external trade that either the Common Market or the United States does—we would all be better off.

Obviously, this is easier said than done. This thought comes to mind when I am asked, as I sometimes am, what we have been doing in the 17 months that have passed since the Trade Expansion Act was enacted. The answer is that we have been hard at work, both on our own preparations here at home and in many consultations, multilateral and bilateral, with our negotiation partners abroad. Preparing for negotiations like these, involving so many nations and so many diverse interests, is somewhat like launching a new model of automobile—only ten times as complicated and time-consuming.

As we go into the home stretch, 5 weeks before the negotiations formally open, we have identified five problems of major importance: tariff disparities, exceptions from the negotiations, nontariff barriers, the role of the less-developed countries, and trade in agricultural products.

Agriculture the complex problem

The most difficult and complex of the problems that face us is that of trade in agricultural products. I make no apologies for stressing this here in one of the major capitals of American industry. Agriculture and industry are interwoven at every point in our economy. Farmers buy a great many of your products, and farmers are more dependent upon export markets than any other major segment of the American producers. The crops on 1 out of every 5 acres cultivated here are shipped abroad. Farmers derive 15 percent of their income from exports, whereas the United States as a whole exports only 3.8 per cent of its G.N.P. Moreover, total farm exports, running at $5.6 billion a year, amount to 27 percent of our exports as a whole.

This is not a one-way street. Other nations benefit greatly from access to our reasonably priced and wholesome food. This is an important factor in restraining inflation, which is currently giving a number of governments cause for serious concern.

The problem of agriculture is, basically, the problem of plenty. Modern agricultural methods have, like the sorcerer's apprentice, opened the floodgates to abundance. The agricultural revolution of the mid-Twentieth Century is as dramatic a leap forward as the achievement of mass production here in Detroit a half-century ago. It began here, and it is now in full flood in Europe.

CAP should be negotiable

A new element has been introduced into an already complex situation by the effort of the European Economic Community to establish a common agricultural policy for its six member nations—an essential step in progress towards the unification of Europe. The implementation of this policy is a matter of major importance to us, for we export over a billion dollars' worth of farm products annually to the EEC. It is our biggest single cash market for agricultural products.

We have made our view clear that the Common Agricultural Policy should be designed so as to preserve the opportunity of efficient supplies to compete in the EEC market. Moreover, we believe that the Community's agricultural policies like our own, must be nogotiable in GATT. This, indeed, was the consensus of the GATT ministers, when they met in Geneva last May and adopted a unanimous resolution calling for "the creation of acceptable conditions of access to world markets for agricultural products in furtherance of a significant development and expansion of world trade in such products."

We had a sharp warning last year of protectionist tendencies in the EEC. The implementation with respect to poultry of the common agricultural policy had the effect of tripling the import charges on the poultry we shipped to Germany and sharply raising the price to German consumers. After patient and persistant efforts over many months had failed to secure any significant easement of these onerous charges, we were compelled, at the beginning of this year, to raise tariffs upon items involving an equivalent volume of EEC exports to the U.S. We regretted doing this, but we felt we had to make the point—and make it forcefully—that the Common Market, in putting its agricultural policy into effect, cannot with impunity ignore the interests of its outside suppliers.

Proposed grain prices too high

Meanwhile, the EEC came forward in December with two highly important proposals in the field of agriculture.

The first deals with the fixing of wheat and feed grain prices at a common level within the EEC, a step required for a common agricultural policy. Presently there is a wide range of grain prices within the EEC, with Germany having the highest and France the lowest. The EEC proposed that the common prices be fixed at levels between these extremes — levels which are, however, far above world prices.

Without going into details, I can say that we think that these proposed prices are too high. They will artificially stimulate increased grain production, particularly in France. They will tend to make the European Economic Community more dependent upon uneconomic production and hence threaten the markets which we and other efficient farm products exporters presently enjoy there.

Here again, European interests are affected as well as ours. The price of grain is a basic element in the cost of living. In particular, the proposed high prices for feed grains will lead to higher prices for meat and milk which are increasingly important in the European diet as standards of living go up.

Many of the problems we see developing in agriculture trade and in the negotiations stem from the high level of grain prices ECC is now considering. A decision to unify grain prices at substantially lower levels would make an important contribution to the Kennedy Round. I cannot stress too strongly the effect of the grain prices finally adopted by the EEC on the outcome of the whole trade negotiations.

Negotiating plan not workable

The second EEC proposal concerns the framework within which the agricultural negotiations in general should be carried on. This proposal has been described as one to bind the level of agricultural protection. Actually, it is proposed that all the major trading nations, food exporters and importers alike, make commitments with regard to their various present systems of agricultural subsidies and/or price supports; but there appear to be so many loop-holes in this proposal that the commitments would not, in fact, be meaningful.

The concept is simple at first sight, but its implementation would be immensely complicated. I shan't discuss it in detail here, but I will summarize our reactions.

First, we cannot reconcile the Commission's proposals with decisions of GATT Ministers which stated that there should be a significant liberalization of world trade and that the negotiations should cover all classes of products, including agriculture. The Community's negotiating plan for agriculture seems to establish as the objective of the negotiations the binding of increased levels of protection rather than reductions in trade barriers and expansion of trade.

Second, the plan not only fails to provide for any reductions in barriers; it would introduce new restrictions by eliminating existing tariff bindings, including zero bindings, and create the possibility of increased protection on all agricultural tariff items. It would halt any further development of trade based upon comparative advantage, or changes in relative efficiency. In our view, the point of departure of the negotiations must be existing concessions, and the purpose of the negotiations must be to achieve a further liberalization of trade.

Third, there would be no stability of agricultural concessions, since the whole system under the Community's proposal terminates and has to be re-negotiated every 3 years. A country which is a major exporter of agricultural products would have difficulty in assessing the balance of its advantages and disadvantages at the conclusion of the negotiations, and would face the need for making a reassessment at the end of 3 years.

For these and other reasons, the proposed EEC agricultural negotiating plan is neither acceptable nor workable as a general negotiating formula.

Pragmatic approach best

Our approach to agricultural trade is pragmatic rather than dogmatic. Indeed, we have come to the conclusion that the spectrum of products and problems is so wide that no single formula will work.

Two weeks ago in Geneva we made certain procedural suggestions as to how we might get started on practical sector-by-sector work, to see which negotiating methods appear to offer the best prospects for success for each particular sector.

We see the possibility of grouping together certain agricultural products by the nature of the products themselves. Another useful grouping appears to be according to the nature of the protection in force. The following

major groups seem to be susceptible to this pragmatic approach.

We would start with the basic principle that all the existing zero duty bindings, such as those on cotton and soybeans, will be retained. There are many other commodities, such as fresh fruit and processed fruits, for which fixed tariffs constitute the sole or major form of protection. For these commodities, we would seek to obtain as advantageous tariffs cuts as possible. For items protected by a combination of measures, such as poultry and rice, we would seek arrangements to assure market access and the opportunity for growth. We would also seek the removal or reduction of nontariff barriers where they exist.

Worldwide commodity arrangements

For some of the major agricultural products, the GATT Ministers decided last May that negotiations should be undertaken to establish worldwide commodity arrangements. These are grains, meat, and possibly dairy products. It is for these products and these commodity arrangements that the EEC proposals for measuring and freezing levels of protection may have application—but only when combined with provisions for assuring continued access to the market equal to the levels of a recent representative period and opportunity to share in future growth. For us, the primary objective of a commodity arrangement is that set forth by the GATT Ministers—the creation of acceptable conditions of access to world markets.

This is a practicable and reasonable goal. Indeed, it has been incorporated in the agreements in principle which we and other major suppliers of grain to the United Kingdom have recently concluded with the British Government. Moreover, we are willing to practice what we preach—and we have shown that we are. The recent voluntary agreements to limit beef and veal exports to the United States which we negotiated last month with Australia, New Zealand, and Ireland assure them of a reasonable opportunity to compete for a share in our market and of participation in its growth. We believe that these are sound principles for negotiating worldwide grains or meat arrangements.

The negotiation of a world grains arrangement is an ambitious undertaking. While these negotiations will be lengthy, they must move along in phases with the industrial aspects of the Kennedy Round.

No trade separations possible

I have said we are pragmatic. The overall result is what counts for us. We must obtain from these negotiations arrangements that insure, broadly speaking, achievement of the objective established by the GATT Ministers—"acceptable conditions of access to world markets for agricultural products in furtherance of a significant development and expansion of trade in such products."

Its achievement would serve the interests of everyone—producers and consumers, exporting and importing countries. The benefits of increased trade, based upon relative efficiency, can be as great in agriculture as they have proved to be in industry. We cannot expect to move toward free trade in industrial products if at the same time we leave agriculture stagnating in a morass of protectionism, or even sinking deeper into it. That is why I have said, often and emphatically, that the U.S. will enter into no ultimate agreement unless significant progress is registered toward trade liberalization in agricultural as well as in industrial products.

I said at the beginning of my talk that trade seems to dominate the international stage this year. That is partly because the danger of war has receded. And, if the sounds emanating from trade negotiations sometimes remind us of the haggling at an oriental bazaar, they are nevertheless infinitely preferable to the thunder of guns. Moreover, in trade negotiations, unlike war, there need be no victors and no vanquished. As President Kennedy liked to say, a rising tide lifts all the boats.

More U.S. Wheat Going to All World Areas This Fiscal Year

Exports of U.S. wheat and flour (grain equivalent) totaled 458 million bushels in July 1963-January 1964. If they continue at current levels, the total for this fiscal year is expected to reach 850 million, compared with last year's 638 million. The July-January total is up 55 percent from the 295 million bushels for the same period last fiscal year. This comparison is misleading, however, since a dock strike during January 1963 caused the total exports during this 7-month period to be smaller last year.

Shipments of wheat increased to all areas, especially to the Common Market and the Soviet Bloc countries. Eastern European countries, which except for Poland were not markets for wheat last fiscal year, so far this fiscal year have taken more than 6 percent of total U.S. exports. Increased shipments to India, Pakistan, Japan, and Egypt were also significant.

Flour exports continued at about the same level, with Egypt taking 30 percent of the total.

Wheat and flour exports through February of fiscal 1964 are estimated at 536 million bushels compared with the 357 million shipped during the same months of 1962-63.

WHEAT AND FLOUR: U.S. EXPORTS, JULY-JANUARY, FISCAL YEARS 1963 AND 1964

Period and destination	Wheat	Flour [1]	Total
	1,000	*1,000*	*1,000*
1962 (July-January)	*bushels*	*bushels*	*bushels*
Western Hemisphere	52,632	8,438	61,070
Western Europe	24,846	6,802	30,648
Eastern Europe	454	445	899
Total Europe	25,300	6,247	31,547
Asia	141,477	17,829	159,306
Africa	26,751	16,354	43,105
Oceania	0	31	31
World total	246,160	48,899	295,059
1963 (July-January)			
Western Hemisphere	63,273	8,516	71,789
Western Europe	62,499	5,489	67,988
Eastern Europe	26,477	436	26,914
Total Europe	88,976	5,925	94,901
Asia	216,408	15,128	231,536
Africa	36,458	23,750	60,208
Oceania	7	44	51
World total	405,122	53,363	458,485

[1] Grain equivalent.

Brazil Faces Smaller Crops Because of Bad Weather Conditions

For the last 10 months many agriculturally important areas of Brazil have suffered from adverse weather conditions, and so severe have these been that this year the country is facing a serious reduction in agricultural output. All of this is in contrast to last year when the Brazilian farmer benefited from relatively good weather.

Long-lasting drought delayed the planting of wheat, rice, corn, and beans, and damaged other crops. Frost early in August cut back the Paraná and São Paulo coffee crop and also affected sugar production in the State of São Paulo.

Field fires in Paraná, an after-effect of drought, were injurious to forestry and livestock. Then came the rains causing floods in Rio Grande do Sul, and later more floods in the States of Bahia and Minas Gerais. On top of this, hail storms in Rio Grande do Sul finished the job in some wheat, rice, and bean areas.

After the Brazilians finally had a chance to assess the damage in the south, heavy rains in late February in the northeast, moving into the State of Bahia, caused floods in cocoa, sugar, and tobacco areas.

Crops affected

This onslaught of bad weather has been particularly harmful to Brazil's grain harvests. Wheat production, originally estimated at around 460,000 metric tons is down to 100,000 tons. The record corn production of last year, which reached 10.1 million tons, will be reduced one-fourth, and the rice crop is expected to be down 20 percent from the 5.9 million tons of 1962-63.

Brazil usually produces two crops of beans a year—the so-called *safra das águas*, or water crop, and the *safras das secas*, the dry crop. The normally larger water crop was badly damaged by drought, and it is now estimated that total bean production this year will be approximately 14 percent below the 1.6 million tons of 1963.

Lower vegetable oil output is also expected, and the trade is studying import possibilities. Peanuts will be down 20 percent from last year's level, and soybean estimates are low too. The 1964-65 coffee crop will be a short one, probably about half of 1963-64's. The only crop that is expected to be better this year is mandioca.

Import outlook

Brazil, a traditional wheat importer, will need more wheat this year than ever before, if the projected consumption level of 2.9 million tons is to be maintained. It is well known that the USSR will be unable to supply wheat to Brazil this year, and it is reported that Argentina, the country's usual wheat source, may ship less than the 1 million tons for which it is committed. The United States has agreed to supply 1 million tons under Public Law 480 in 1964, and it is quite possible that more may be requested.

Brazil may also be seeking to import semi-refined vegetable oils for further refining locally, as well as butter, cheese, nonfat dry milk, and perhaps fee l grains and rice.

—RADO J. KINZHUBER
Assistant U.S. Agricultural Attaché, Brazil

Important USDA Post Goes to Mrs. Jacobson

Mrs. Dorothy A. Jacobson has been named by President Lyndon B. Johnson to be Assistant Secretary for International Affairs—the highest position ever held by a woman in the U.S. Department of Agriculture.

Secretary Freeman and Mrs. Jacobson

As successor to Dr. Roland R. Renne, Mrs. Jacobson will be the second person to hold the post of Assistant Secretary for International Affairs. In coordinating international aspects of the work of USDA, she will have responsibility for the work of the Foreign Agricultural Service and the International Agricultural Development Service, including the Food for Peace program, participation in negotiations of the General Agreement for Tariffs and Trade, programs to expand sales in foreign markets, and technical assistance.

One of Secretary Freeman's principal advisers on foreign agricultural matters since 1961, Mrs. Jacobson accompanied the Secretary that year to the Middle East and Southeast Asia to study national agricultural programs and to evaluate the Food for Peace program. In 1962 she was a member of the team led by Secretary Freeman which inspected agricultural development in the Soviet Union and the Bloc countries. Her detailed reports on these trips have become the basis for evaluating both policies and programs.

Mrs. Jacobson has long held a strong interest in foreign agriculture. With her husband, George W. Jacobson, an expert on cooperatives now on the International Cooperative Development Staff in the Agency for International Development, she has worked as a spokesman and innovator among cooperative groups, seeking to enlarge the role of cooperatives at home and abroad.

From 1945 to 1955, she taught international relations as professor of political science at Macalester College, St. Paul, Minn., resigning that post to become administrative assistant to Orville L. Freeman on his election as Governor of Minnesota. Serving in the Governor's office until 1961, Mrs. Jacobson was key member of his farm policy advisory group which prepared a landmark report on Minnesota's agriculture.

Recipient of a Ueland Fellowship on Political Science, Mrs. Jacobson is a member of the American Political Science Association, the American Association of University Professors, the American Society for Public Administration, and Phi Beta Kappa.

India's Food Supplies Tight in Wake of Adverse Fall and Winter

Supply prospects for cereal grains and pulses in India during the current crop year, 1963-64, have been seriously affected by bad weather. Many well-informed observers now feel that total output of food grains and pulses may be no higher than last year's low figure of about 78.7 million metric tons. This situation is being reflected in scarcity conditions and sharp price rises, particularly in north India, during recent weeks, and in regulatory measures by the Central and State Governments in an effort to maintain reasonable equilibrium in prices.

It now appears that the spring crops of wheat and barley —being harvested at present—suffered more severely from the failure of the winter rains and the January cold snap in the north than had been previously estimated. The two grains may not add up to more than 12.4 million tons, compared with last year's 13.6 million. Damage was extensive in Punjab, Uttar Pradesh, Rajasthan, Madhya Pradesh, and the Union Territory of Delhi.

In addition, some fall-harvested coarse grains—particularly jowar and bajra—already growing in the last half of the 1962-63 crop year were damaged at that time by prolonged drought in Rajasthan and Gujarat and heavy floods in parts of Uttar Pradesh and Punjab. As a result, the harvest of coarse grains last fall was down to about 20.6 million tons from the 21.5 million of the previous year. Thus, production of total food grains (rice not included) for 1963-64, estimated at 33 million tons, appears to be running about 2 million tons below that of 1962-63.

Rice production for the current year, however, is now estimated at about 2 million tons more than last year's poor crop, or 34 million tons (milled). A slight reduction of the crop in south India by flood and cyclone last fall was more than made up for by an increase in the all-India acreage. So all food grains added together may amount to about the same as they did last year, or 67 million tons.

The inclusion of pulses in the total figure does not change the picture much from the 1962-63 one. Production of the fall-harvested pulses, at about 1.9 million tons, was up from the previous year's 1.7 million; but the spring crops were affected by the same bad winter conditions that have hurt the wheat and barley crops, and may total only about 9.6 million tons against last year's 9.9 million.

In Rajasthan and Gujarat, the States where grain and pulse crops have suffered most, some areas are experiencing an acute scarcity of water, livestock fodder, and food grains. Hardship is also reported in a number of India's urban areas as food prices rise, and government officials at both State and national levels are taking steps to insure that available supplies are being shared as fairly as possible.

The distribution of food grains from government stocks at subsidized prices has been stepped up considerably in areas affected by the price rise, to help meet the needs of low- and middle-income groups. More "fair price" food shops selling food items from government stocks have been opened in urban and industrial centers. Flour mills have been asked not to buy domestic wheat in local markets; the government meets their needs from buffer stocks of imported wheat.

Various State governments have begun to streamline and tighten the licensing controls on food grain dealers. States have also been asked to examine in detail a proposal for nationalizing rice mills.

The release of large quantities of imported wheat from government stocks and the imposition of stricter controls on the wholesale trade, coupled with the discussions on nationalizing rice mills, are beginning to have a salutary effect on prices, though so far only at the wholesale level. Further problems lie ahead, however, since the full effect of the relatively poor spring harvest will not be felt until later in the summer and fall.

—HORACE J. DAVIS,
U.S. Agricultural Attaché, New Delhi, India

U.S. Rice Shipments to Americas, USSR, Show Substantial Gains

The United States exported a near-record 569,000 metric tons of rice (milled basis) in the first half (August-January) of the 1963-64 rice marketing year. This was more than 100,000 tons above shipments in the first half of 1962-63. The record for this period was 684,200 tons in the first 6 months of 1956-57.

January exports, at 142,500 tons, were up 51,300 tons from January 1963 shipments. Pronounced increases were registered in exports to all world areas except Asia, where shipments were only moderately above the high level of January 1963.

Exports in January included substantial shipments to countries that have taken little or no rice from the United States so far this year; namely Japan, with 24,500 tons, Malaya, with 19,000, and the USSR, with 12,590.

Shipments to the comparatively new markets in Asia more than offset a decline in exports to Indonesia—from 64,800 in January 1963 to none this January. Total exports to Asia were 2,400 tons over those of last January. Owing to previous heavy exports to Asia this year, rice shipments there in the first half of 1963-64 were 15 percent above those of August-January 1962-63.

Unusually active trading with Europe in January brought the 6-month total to 67,500 tons, a gain of 85 percent over the same period of 1962-63. This included substantial exports to the USSR and moderate increases in shipments to West Germany and the United Kingdom. Exports to the European countries in the first half of 1963-64, with comparable figures for 1962-63 in parentheses, are shown as follows: Belgium and Luxembourg, 6,400 (3,500), West Germany, 17,700 (17,200); the Netherlands, 7,700 (2,600); Sweden, 2,100 (1,800); Switzerland, 3,300 (2,600); the United Kingdom, 10,300 (6,900); the USSR, 12,600 (0); and other countries, 7,400 (1,800).

Gains in January exports to the Dominican Republic, Canada, and Chile brought the August-January total shipped to the Western Hemisphere to 63,400 tons, 46 percent above the 43,500 tons exported in the same months of 1962-63. For Africa, however, the 6-month total, at 54,800 tons, represented only a slight increase.

Japanese See U.S. Fruit at Tokyo Trade Center

Some 3,000 representatives of the Japanese food industry, consumer groups, and press attended the U.S. Fruit Show at the Tokyo Trade Center, March 18-27.

Above left, D. R. Strobel, Assistant U.S. Agricultural Attaché, shows pineapple to Makoto Saito, Director-General of Japan's Food Agency, standing next to him, and to Ichiro Nakanishi, Ministry of Forestry and Agriculture official, at right. In the photograph above right, Japanese journalists sample U.S. fruit dishes prepared by Executive Chef Fred Adler, and at right, two leaders of Japan's Housewives Association examine canned fruit.

The 15 displays—comprising those of 12 major U.S. fruit companies and 3 U.S. fruit associations — included fresh, canned, and dried fruits. Four displays also showed canned vegetables.

Special morning programs were attended by invitees representing all sections of Japan's food industry with afternoons open to the trade.

London Trade Center Show Draws Britain's Top Food Executives

Five special receptions given in conjunction with the London Trade Center Food Show, March 10-20, attracted senior executives representing more than 50 percent of the purchasing power of the British catering industry. Above, l-r, are P. E. Drayson, International Tea Co., L. J. Parrish, Thompson, McCutcheon Co.; and Graham Butler, Grocers Gazette editor. Right, Florida exporter Cleveland B. J. Rettig and Diane Short, Unilever Food Center.

U.S. Soybean Industry Is Invited To Participate In Tokyo Trade Center Soybean Show in August

The U.S. Department of Agriculture has invited industry participation in a soybean exhibit to be held at the U.S. Trade Center in Tokyo, Japan, Aug. 24-Sept. 11 under the foreign market development program.

The American Soybean Association will cooperate with USDA's Foreign Agricultural Service in sponsoring the exhibit, which will include a seminar covering all aspects of soybean usage in Japan, with papers to be presented by U.S. soybean industry representatives. The Association with FAS carries on market development work in Japan through the Japanese-American Soybean Institute.

Exhibit space at the Center during the show will be available without charge to U.S. firms interested in the Japanese market for soybeans and soybean products. The exhibitor will provide all materials and personnel for its booth and will make customs arrangements for shipping samples of its product and other exhibit materials into Japan.

Among the products eligible for display are soybean meal (but not mixed feeds); soybean flour; protein concentrates; isolated soy proteins; and manufactured consumer food items using soybean protein and oil.

Both the exhibit and seminar will be attended by specially invited guests from the Japanese trade, educational institutions, nutrition organizations, and other specialists. There will be no general public attendance.

U.S. firms desiring to participate should communicate with the American Soybean Association, Hudson, Iowa, 50643. Space will be reserved in the order in which applications are received. Deadline for submission of participation agreements is May 15; for dispatch of shipments, June 15.

This soybean exhibit is a further step in the U.S. program to increase agricultural exports to the growing Japanese market. Japan has been the leading dollar customer for U.S. farm products each of the last 3 years. Previous agricultural exhibits at the Tokyo Trade Center, since the Department of Agriculture joined with the Department of Commerce in its operation, have featured U.S. poultry, leather, and fruits.

Japanese imports of U.S. soybeans set a new record of 1.3 million metric tons in calendar 1963. In value—$144 million—this was the largest single U.S. agricultural item exported to Japan. The United States is the largest supplier of soybeans to Japan.

California Date Industry Makes Analysis of Japanese Market

The California date industry is currently conducting a 4-week market survey in Japan which is seen paving the way for the first significant sales of fresh U.S. dates to that country.

Mr. Billy Peightal, manager of the industry's Administrative Committee which is making the study, is contacting Japanese confectioners, bakers, importers, and distributors throughout Japan's major cities to determine the potential for wider utilization of U.S. dates. He is also analyzing Japanese marketing systems and methods of promotion to further the competitive advantage of U.S. dates.

Results of the survey will be used by the U.S. date industry and FAS in deciding whether to launch a market development program in Japan.

With many of today's Japanese consumers preferring Western-type sweets, the U.S. program would promote dates as a nutritious food eaten out of hand and as a bakers' confection.

The program would also strive to build a better quality image for fresh dates. The low-quality dates imported by Japan for alcohol manufacture frequently go for edible uses as well.

The California date industry can easily supply an expanding Japanese market; date production has been rising steadily with little appreciable increase in domestic demand. Japan has no import restrictions on fresh dates.

U.S. Foods Displayed at Japan's Second World Food Exhibit

The U.S. exhibit, above, and that of Wheat Associates, at right, were among U.S. food displays at the 2nd World Food Exhibit which opened in Tokyo March 18. Attendance hit 60,000 a day with heavy sales of U.S. foods.

EEC Suspends Sugar Duties

The European Economic Community has suspended import duties on Common External Tariff item No. 17.01—beet sugar and cane sugar, solid—until July 31, 1964. The EEC countries produce about the same amount of sugar as they consume. The CXT import duty is scheduled to be 80 percent ad valorem at the end of the transition period.

India Raises Price of Sugar to Producers

The Government of India has announced the basic minimum price of sugarcane payable by sugar mills during next crushing season, beginning in October or November of this year. The price to be paid will be Rs1.85 per maund (equivalent to US$10.44 per metric ton, or US$9.47 per short ton), linked to a recovery of 9.4 percent of sugar or below. The basic minimum price for the 1964-65 season is 5.7 percent above the current minimum.

According to official sources, this increased price should provide adequate incentive to growers to boost their production substantially above current levels. The revised sugarcane price for the 1964-65 season will be applicable throughout India, whereas now only the mills in the Uttar Pradesh and Bihar areas may pay a special price.

Insects Infest Costa Rican Coffee Trees

Costa Rican officials are becoming increasingly concerned about infestations of red spider and leaf miner insects which have seriously affected some 26,000 acres of coffee in the Central Plateau region. Ministry and Coffee Office officials stated that unless immediate steps are taken, 1964-65 crop yields from this area could drop below normal.

The extensive spread of the insects, partly blamed on unusually dry weather, is now considered too great to control by conventional ground spraying equipment. The services of an entomologist are being recruited, and firms have been asked to submit bids for spraying the affected areas by helicopter.

With approximately 155,000 acres in coffee, the affected area represents about 17 percent of Costa Rica's total coffee acreage. Costa Rica's 1963-64 production of green coffee is presently forecast at 970,000 bags (of 132.3 lb. each) as compared with 1,050,000 bags in 1962-63.

Pakistan Produced Less Jute in 1963

Pakistan produced between 2,320 million and 2,400 million pounds of jute in 1963, according to recent trade estimates. This is a decrease of nearly 11 percent from 1962's 2,600 million. The harvested acreage was 1.5 million acres compared with 1,723,000 in 1962. Acreage allotment will be continued in 1964 with a crop goal of about 2,200 million pounds.

Pakistan is planning to increase exports of manufactures. Its mill consumption is rising steadily, and more new looms are planned for installation within the second 5-year plan.

Exports during the first half of fiscal 1964 were 791.5 million pounds or 14.6 percent less than in the same months of the previous fiscal year, but they are expected to double by the end of the year. Through December of this fiscal year, 61.2 million pounds had been shipped to the United States—third in importance after the United Kingdom with 162.2 million pounds—and France with 75.7 million. Shipments to EEC countries totaled 211.8 million pounds.

Nicaragua's Soluble Coffee Exports Increase

Nicaragua's exports of soluble coffee in 1963 totaled 3,068,000 pounds, slightly more than the 1962 shipments of 3,032,800 pounds. Exports reportedly fell somewhat in the latter part of 1963 when prices of soluble coffee failed to rise in accordance with increases in those of green coffee.

Most of Nicaragua's soluble coffee exports presently go to the United States, although Germany is an important and growing outlet.

Mexico City Reports Meat Scarcity

The municipal slaughterhouse in Mexico City, which handles cattle slaughter for the Federal District, reports a shortage of cattle for slaughter. The daily requirement for supplying the city is placed at 1,300 head, but in the last several weeks, only about 800 head have been slaughtered per day. There are reports that additional slaughterhouses outside the city are making clandestine shipment of beef into the city.

To supply urgent needs, the municipal slaughterhouse is now receiving cattle from the feedlots of the National Bank of Agricultural and Livestock Credit located in Gómez Palacio, Durango. The first shipment amounted to 3,600 head of fattened Hereford cattle. In addition, there are plans to bring in cattle from other feedlots operated by the bank in Jiménez, Chihuahua; Villa Acuna, Coahuila; Tecomán, Colima; La Concha, Jalisco; and Matamoros, Tamaulipas.

The shortage of animals is attributed to the efforts of cattle producers in the Huasteca area of San Luis Potosí and Veracruz to obtain higher prices. According to the National Cattlemen's Confederation, buyers for Huasteca cattle are offering 4.10 pesos per kilogram delivered at the Mexico City packing plant, while cattle-on-the-hoof in the area are selling for 4.30 pesos.

U.S. Exports of Bovine Hides and Skins Up in 1963

U.S. exports of all bovine hides and skins in 1963 totaled 9.8 million pieces, 7 percent above those in the previous year.

Japan remained the leading buyer of U.S. cattle hides, taking almost 3.5 million pieces, and was also the largest taker of calfskins. The USSR took 600,000 pieces—three times the total of the previous year.

Exports of kipskins were below each of the 2 previous years and were less than one-third the amount exported on the average during 1956-60.

Shipments of sheepskins rose sharply during the year, with most of the increase going to the United Kindom.

U.S. EXPORTS OF HIDES AND SKINS, AVERAGE 1956-60, ANNUAL 1961-63

Commodity and country	Average 1956-60	1961	1962	1963 [1]	1963 change from 1962
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle hides:					
Canada	641	706	656	534	—122
Mexico	505	461	461	501	+40
Germany, West	625	774	571	542	—29
Netherlands	874	738	963	985	+22
Poland	95	36	15	23	+8
United Kingdom	181	57	38	40	+2
Italy	118	186	63	106	+43
Yugoslavia	173	273	109	37	—72
USSR	66	0	197	576	+379
Japan	1,528	3,174	3,009	3,405	+396
Turkey	177	345	100	223	+123
Others	685	889	937	999	+62
Total	5,568	7,639	7,119	7,971	+852
Calfskins:					
Canada	613	496	263	100	—163
France	53	26	32	30	—2
Germany, West	272	174	174	30	—144
Italy	204	345	303	441	+138
Netherlands	168	152	77	120	+43
Switzerland	53	145	62	10	—52
United Kingdom	62	120	81	46	—35
Japan	354	458	622	692	+70
Others	87	76	98	135	+37
Total	1,866	1,992	1,712	1,604	—108
Kipskins:					
Canada	7	69	36	21	—15
Belgium	22	11	0	0	0
Germany, West	258	158	156	67	—89
Netherlands	115	71	6	1	—5
United Kingdom	32	8	2	0	—2
Hungary	16	3	11	25	+14
Japan	277	142	86	43	—43
Others	106	94	46	96	+50
Total	833	556	343	253	—90
Sheep and lamb: [2]					
Canada	640	710	673	642	—31
Mexico	108	52	63	104	+41
France	48	28	56	127	+71
Germany, West	27	25	32	60	+28
Sweden	77	128	77	114	+37
United Kingdom	459	753	669	1,132	+463
Others	208	720	609	702	+93
Total	1,567	2,416	2,179	2,881	+702

[1] Preliminary. [2] Includes goat and kid skins.
Bureau of the Census, February 1963.

Costa Rica Developing a Beef Industry

There is a continued interest in Costa Rica in the further development of the beef cattle industry. On February 21 an air shipment of 41 registered Brahman cattle and 17 Charolais arrived in San Jose from the United States for experimental and breed improvement.

Costa Rica considers beef exports important in the nation's foreign exchange earnings; and the beef industry holds promise for the effort to diversify local and foreign income. U.S. imports of beef and veal from Costa Rica, which were 805,000 pounds in 1957, totaled over 15 million pounds in 1963, although they were slightly less than the record set in 1960.

Beef production rose in 1963. The cattle export trend indicates an increased effort by cattlemen to slaughter as many as possible of the allowable quota for sale as boneless beef, rather than to export cattle. Shipments of frozen packaged steaks and hamburger began late in 1963.

A slaughter plant near Alajuela is nearing completion and should be ready for operation by late 1964. Present facilities do not include refrigeration and storage, which may be constructed within a few years when funds are available. The Consejo Nacional de Produccion (CNP) is claiming control of the new plant, but leading livestock producers and agricultural ministry officials are working toward having a livestock cooperative assume control.

Australian Meat Shipments to the U.S.

Three ships left Australia during the first week of March with 4,179,840 pounds of beef and 506,240 pounds of mutton for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Cap Finisterre	Seattle	Mar. 19	Beef	510,720
Mar. 1	San Francisco	23	Beef	875,840
			Mutton	145,600
	Los Angeles	28	Beef	1,420,160
			Mutton	165,760
Cumulus	Los Angeles	26	Beef	331,520
Mar. 7			Mutton	194,880
	San Francisco	Apr. 2	Beef	244,160
	Portland	9	Beef	51,520
	Seattle	11	Beef	165,760
Sierra	Los Angeles	Mar. 26	Beef	201,600
Mar. 7	San Francisco	30	Beef	156,800
	Portland	Apr. 3	Beef	33,600
	Seattle	6	Beef	188,160

[1] Cities indicate location of purchaser and usually the port of arrival, but meat may be diverted to other areas for sale.

U.K. Cigarette Exports Rose in 1963

Cigarette exports from the United Kingdom turned upward during 1963 after showing a steady annual decline for 11 consecutive years. Exports totaled 26.1 million pounds —up 3 percent from the 25.3 million shipped in 1962.

Shipments to Commonwealth countries last year totaled 11.9 million pounds, compared with 13.6 million in 1962 and 16.1 million in 1961. Smaller shipments to Malaysia, Jamaica, India, Gibraltar, and Hong Kong more than offset the increased takings by Aden, Persian Gulf States, Australia, Cyprus, and the States of West Africa.

Exports to non-Commonwealth countries rose to 14.1 million pounds from 11.8 million in 1962, mainly because of larger shipments to Kuwait, France, West Germany, and the Sudan. Exports to Ireland, Belgium, Libya, Ethiopia, the Canary Islands, Morocco, Dahomey, and Japan were also up from the previous year, while those to the Arabian States, Iraq, the Netherlands, Togo, Denmark, and Switzerland were down. Combined shipments to the 6 present members of the Common Market totaled 4.6 million pounds, with 4.2 million in 1962 and 4.6 million in 1961.

Flue-Cured Auction Sales Open in Rhodesia

Auction sales for the 1964 Rhodesian flue-cured crop opened in Salisbury on March 10. Grower prices during the first 4 days averaged the equivalent of 34.1 U.S. cents per pound, compared with 42.4 cents during the first week last year. Sales totaled 3.2 million pounds, compared with 2.4 million.

The first official estimate of the 1963 flue-cured crop to be sold on the Salisbury auction floors is between 285 million and 305 million pounds. Last season 194.8 million pounds of flue-cured tobacco was sold in Salisbury. The

total flue-cured harvest in the former Federation of Rhodesia and Nyasaland (Southern Rhodesia, Northern Rhodesia, and Nyasaland) may approximate 310 million pounds this year, compared with 199 million in 1963.

U.S. Tobacco Exports Up in January 1964

U.S. exports of all types of tobacco in January were up sharply from those in January 1963—a month when a dock strike was in effect. Shipments of unmanufactured tobacco, at 36.9 million pounds, were more than 5 times as large as those in January 1963. Exports of tobacco products were valued at $9.2 million compared with $2.6 million.

For the first 7 months of fiscal 1964, exports of unmanufactured tobacco totaled 367.2 million pounds—20.6 percent above the 304.6 million exported in the same period of fiscal 1963. Flue-cured shipments were up 22.7 percent, but those of burley were down 2.5 percent.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO BY TYPE, JANUARY 1963 AND 1964
(Export weight)

Type	Quantity		Value	
	1963	1964	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 dollars*	*1,000 dollars*
Flue-cured	5,779	28,626	5,222	23,622
Burley	332	1,703	296	1,305
Dark-fired Ky.-Tenn.	30	2,415	13	1,222
Virginia fire-cured [1]	65	673	30	451
Maryland	—	1,115	—	806
Green River	—	114	—	56
One Sucker	16	21	8	13
Black Fat, etc.	20	245	17	224
Cigar wrapper	43	240	160	438
Cigar binder	3	701	3	514
Cigar filler	—	32	—	16
Other	196	1,016	47	166
Total	6,484	36,901	5,796	28,833

[1] Includes sun-cured.

Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS, JANUARY 1963 AND 1964

Products and value	January	
	1963	1964
Cigars and cheroots		
1,000 pieces	496	2,196
Cigarettes		
Million pieces	581	1,843
Chewing and snuff		
1,000 pounds	1	53
Smoking tobacco in pkgs.		
1,000 pounds	5	59
Smoking tobacco in bulk		
1,000 pounds	131	794
Total declared value		
Million dollars	2.6	9.2

Bureau of the Census.

Pakistan Expects Larger 1964 Tobacco Harvest

The 1964 tobacco harvest in Pakistan is forecast at 227.5 million pounds from 221,000 acres, compared with the 1963 harvest of 224.2 million from 219,000 acres. Accounting for this projected increase are larger crops of flue-cured, light sun-cured, dark air-cured, (exclusive of cigar leaf), and dark sun-cured types. Crops of light air-cured, cigar, oriental, and dark fire-cured are expected to equal those of last season.

Pakistan's 1964 flue-cured harvest is estimated at 26.8 million pounds—up slightly from the 26.0 million for last year. The harvest of light sun-cured types is forecast at 19.0 million pounds, compared with 18.5 million in 1963; and that of dark air-cured types, exclusive of cigar leaf, is placed at 74.0 million pounds, compared with 72.5 million. For light air-cured types, the harvest is estimated at 5.2 mililon pounds; for dark fire-cured types, at 4.5 million; for cigar leaf, at 7.0 million; and for oriental at 16.0 million.

Rhodesian Flue-Cured Exports Down

Exports of flue-cured tobacco from the former Federation of Rhodesia and Nyasaland during 1963 totaled 181.3 million pounds, down 4.5 percent from the 1962 high of 189.8 million. Reduced takings by non-Commonwealth countries—particularly West Germany, the Netherlands, Italy, Belgium, and Austria—more than offset larger exports to Commonwealth countries.

TOBACCO, FLUE-CURED: FEDERATION OF RHODESIA AND NYASALAND EXPORTS, 1961-63

Country of destination	1961	1962	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Commonwealth:			
United Kingdom	95,249	80,766	92,419
Hong Kong	5,312	6,409	7,454
Malaysia [1]	5,218	6,505	6,663
Australia	8,354	4,129	3,667
West Indies	1,096	1,266	1,427
New Zealand	1,039	1,062	946
Others	3,364	1,632	1,963
Total	119,632	101,769	114,539
Non-Commonwealth:			
Germany, West	23,724	25,553	23,129
Netherlands	11,929	12,250	9,843
Japan	6,362	6,524	5,748
Italy	—	10,499	3,654
France	118	1,447	3,358
South Africa, Rep. of	3,960	3,199	3,217
Belgium	6,367	7,237	2,935
Denmark	2,514	3,019	2,099
Austria	—	2,607	1,776
Congo (Leopoldville)	980	908	1,212
Sweden	1,027	1,076	1,171
Norway	1,421	1,077	1,005
Switzerland	1,136	1,443	892
Portugal	299	543	780
Others	3,168	10,685	5,981
Total	63,005	88,067	66,800
Grand total	182,637	189,836	181,339

[1] Includes the Federation of Malaya and Singapore.

Exports to non-Commonwealth countries last year totaled 66.8 million pounds—21.3 million below the 1962 level of 88.1 million, but slightly above the 63.0 million of 1961. Smaller exports went to all non-Commonwealth countries except France, the Republic of South Africa, Portugal, Congo (Leopoldville), Tunisia, Mozambique, Sweden, Taiwan, and Jordan. Shipments to West Germany dropped to 23.1 million pounds from 25.6 million in 1962. Exports to Italy and Belgium were only about two-fifths of the 1962 levels, and those to the Netherlands, Japan, Denmark, and Switzerland were down more than 10 percent.

Flue-cured shipments to Commonwealth countries rose from 101.8 million pounds in 1962 to 114.6 million in 1963 but were still slightly under 1961's 119.6 million. Larger shipments to the United Kingdom, Hong Kong, Malaysia, Ghana, Nigeria, Sierra Leone, Trinidad, and Jamaica more than offset reduced exports to Australia and New Zealand. Shipments to the United Kingdom, the principal export market, totaled 92.4 million pounds, compared

with 80.8 million in 1962 and 95.2 million in 1961. Exports to Hong Kong last year rose to 7.5 million pounds from 6.4 million in 1962. Those to Australia and New Zealand were down about 9 percent each from the previous year levels.

Average export prices per pound for flue-cured exports to major destinations in 1963 (in terms of U.S. equivalents), with comparisons for 1962 in parentheses, were the United Kingdom, 79.2 cents (73.8 cents); West Germany, 48.6 (47.7); the Netherlands, 36.8 (32.3); Belgium, 40.6 (34.8); Italy, 51.1 (34.3); France, 53.2 (54.1); Japan, 59.9 (56.7); and Austria, 45.4 (33.9). The average export price of all shipments was equivalent to 63.3 U.S. cents per pound, compared with 54.8 for 1962 and 59.2 for 1961.

Austrian Cotton Situation Favorable

Activity in the Austrian cotton industry is expected to continue favorable this season. Mill orderbooks are well filled as a result of an improved demand situation for cotton textiles in the domestic market.

Consumption of raw cotton this season may reach 120,000 bales (of 480 lb. each), slightly below the postwar record in 1960-61 of 127,000. Consumption for the season is expected to be increased by a joint Austrian-Swiss development of a new fabric-finishing process for shirting materials to be marketed under trademark. Austrian mills, however, are reportedly operating under narrow profit margins because of wage hikes and the increased cost of materials. Spinners are concerned about the rise in imports of liberalized, highly competitive foreign cotton goods and about the partial loss of Austrian markets within the EEC owing to that area's discriminatory tariffs on Austrian textiles.

Stocks of raw cotton on hand at the close of calendar 1963 were at an unusually low level, with barely a 2-month supply on hand. U.S. cotton prices in Hamburg are currently quoted below those of equivalent qualities of other growths.

Imports of cotton into Austria from major suppliers during the first 6 months (August-January) of the 1963-64 season, with comparable 1962-63 figures in parentheses, were the United States 20,000 bales (21,000), the USSR 9,000 (9,000), Peru 6,000 (5,000), Brazil 4,000 (2,000), Mexico 4,000 (5,000), Turkey 3,000 (2,000), and Sudan 3,000 (3,000).

Canadian Cotton Consumption Continues Strong

Canadian cotton consumption, indicated by the number of bales opened by mills, was 37,375 bales (480 lb. net) in February—compared with 38,083 in January and 31,346 in February of 1963.

Consumption during the first 7 months (August-February) of the current season amounted to 261,000 bales. This is 14 percent above the 229,000 bales opened in the same period of 1962-63 and 21 percent above average consumption of 216,000 bales in the first 7 months of the past five seasons.

Canadians Plan To Increase Oilseed Acreage

According to the annual acreage intentions survey of Canada's Dominion Bureau of Statistics, Canadian farmers plan to plant more flaxseed, rapeseed, and soybeans than in 1963. Since this survey is merely indicative of farmers' plans on March 1, acreages actually seeded may vary considerably from plans, depending upon conditions before and during seeding, availability of good quality seed, contractual arrangements, and the market outlook.

OILSEEDS: CANADIAN ACREAGE 1961-63 AND 1964 ACREAGE INTENTIONS AS OF MARCH 1, 1964

Oilseed	Seeded acreage			Intended acreage	
	1961	1962	1963	1964	1964, percent of 1963
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*Percent*
Flaxseed	2,086.0	1,445.0	1,685.4	1,875.4	111
Rapeseed [1]	710.3	371.2	478.0	771.2	161
Soybeans [2]	212.0	221.0	228.0	235.0	103

[1] Prairie Provinces only. [2] Ontario only; estimates for Manitoba not available.

Dominion Bureau of Statistics, Ottawa.

Prospective flaxseed acreage indicates an 11-percent increase from 1963 but a 12-percent decrease from the 1958-62 average of 2.1 million acres. Acreage sown to rapeseed in the Prairie Provinces may be at a record high if intentions are confirmed. Indicated sowings exceed the 1963 acreage by 61 percent and the 1958-62 average of 536,800 acres by 44 percent. Soybean acreage in Ontario, where virtually all of the Canadian crop is grown, is expected to be only 3 percent larger than a year earlier and about the same as the 1958-62 average.

Canada's production in 1963 of these three oilseed crops was as follows: flaxseed, 21.2 million bushels; rapeseed, 418 million pounds; and soybeans, 5.0 million bushels.

Sabah's Copra Trade Declines

Copra exports from the Malaysian State of Sabah (formerly North Borneo) totaled 39,661 long tons in 1963—11 percent below the 44,694 tons shipped in 1962 and 30 percent below the 56,943-ton average of 1955-59. Net exports of copra, however, increased from 16,326 to 17,503 tons in 1963.

Sabah's gross exports are influenced largely by the re-export of imported copra from the Philippines and Indonesia. Imports during 1963 declined 6,210 tons from 1962, to 22,158. Domestically produced copra increased slightly in 1963 and accounted for 44 percent of gross exports compared with 37 percent in 1962.

Drought Reduces Brazil's Peanut Crop

Brazil's 1964 production of peanuts is expected to be about one-fifth below the 1963 level, chiefly because of drought in the main producing regions of São Paulo. Tentatively, total outturn is indicated at about 400,000 metric tons, with São Paulo's forecast at about 380,000.

Brazil's 1963 crop is unofficially estimated at 509,600 tons on the basis of the official State estimate for São Paulo of 480,000 tons. The final revised official estimate of total production in 1962 is a record 647,811 tons, of which 618,143 were produced in São Paulo.

In the State of São Paulo there was almost no rain from mid-November until early February, and as a result, the wet-season crop may be reduced by 50 percent. There is also the possibility of a shortage of seed for next season's plantings unless the dry-season crop is above average.

While the peanut oil production in 1963 was about 92,000 tons compared with 90,346 a year earlier, a shortage of oil is currently reported. Consequently, prices are expected to increase this year.

Brazil's exports of peanuts and peanut products in the first 9 months of 1963, with calendar 1962 exports in parentheses were as follows: Peanuts 13,599 metric tons (21,912 metric tons), peanut oil 8,419 (222), peanut meal 97,372 (75,095), and peanut cake 5,766 (8,582).

Suez Canal Shipments Decrease in January

Northbound shipments of oil-bearing materials through the Suez Canal in January were 6 percent below those of December 1963 (*Foreign Agriculture*, Mar. 2) and 9 percent below those of January 1963.

Total shipments during the first 4 months of the current U.S. marketing year were 7 percent below those of October-January 1963, reflecting the reduced volume of peanuts and cottonseed. Shipments of copra, castorbeans, and palm kernels were higher.

OIL-BEARING MATERIALS: SUEZ CANAL, NORTHBOUND SHIPMENTS BY KIND, JAN. 1964, WITH COMPARISONS

Item	January		October-January	
	1963	1964	1962-63	1963-64
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans [1]	16,937	17,979	17,270	18,489
Copra	55,105	56,741	254,131	279,463
Peanuts	36,295	26,735	102,995	62,210
Cottonseed	26,549	8,553	95,225	53,221
Flaxseed [2]	5,268	4,799	9,352	10,706
Castorbeans	6,252	3,791	22,424	36,782
Palm Kernels	2,847	13,877	7,579	21,714
Others	11,052	13,549	48,376	34,954
Total	160,305	146,024	557,352	517,539

[1] 1 Metric ton of soybeans equals 36.743333 bu. [2] 1 metric ton of flaxseed equals 39.367857 bu.

Suez Canal Authority, Cairo, Egypt.

Soybean shipments through the Canal amounted to 635,000 bushels compared with none in December and 622,000 in January 1963.

SOYBEANS: SUEZ CANAL, NORTHBOUND SHIPMENTS, JAN., FEB., MAR., AND QUARTERLY TOTALS, 1959-63

Month and Quarter	Year beginning October 1				
	1959	1960	1961	1962	1963
	1,000 bu.	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*
January	4,483	3,711	2,907	622	635
February	4,850	1,396	548	451	—
March	4,666	955	627	255	—
Oct.-Dec.	8,598	919	919	12	19
Jan.-Mar.	13,999	6,062	4,082	1,328	—
Apr.-June	8,635	1,213	239	573	—
July-Sept.	2,756	2,756	327	1,585	—
Oct.-Sept.	33,988	10,950	5,567	3,498	—

Totals computed from unrounded numbers.

Suez Canal Authority, Cairo, Egypt.

Burma To Import More Indian Peanut Oil

Burma's import requirement for peanut oil in 1964 has been announced officially at 20,000 long tons. A firm commitment to purchase this tonnage has been given to the Government of India with letters of credit opened for 18,300 tons. It is believed that this is a minimum requirement and that the Burmese Government is prepared to import considerably more should it be needed. To offset the domestic shortage at the end of 1963—which was brought about largely by maldistribution and the over-estimation of the early peanut crop—7,260 tons of peanut oil were hurriedly imported between mid-January and late February 1964. In calendar 1962 Burma imported only 4,111 tons of peanut oil, largely from India.

Unlike peanuts and peanut oil, which are not exported at all, peanut cake is a major earner of foreign exchange. Exports in 1963 are believed to have been close to the 151,434 tons shipped in 1962, largely to the United Kingdom. However, exports in 1964 are expected to decline considerably, since U.K. buyers reported evidence of lower supplies at the end of 1963.

Unofficial reports indicate that, because of unfavorable weather, the 1963-64 peanut crop will be around 325,000 tons from 1,470,000 planted acres, or almost one-fifth less than the unofficial estimate of 399,000 tons from 1,530,000 acres in 1962-63. The official estimate of the 1962-63 crop —423,000 tons—is considered too high by some of the trade.

Philippine Exports of Copra, Coconut Oil Decline

Data on registered exports of copra and coconut oil from the Philippine Republic in January-February 1964 have been revised to 115,932 long tons for copra and 31,320 for coconut oil (*Foreign Agriculture*, Mar. 30). For copra shipments, the figure for the United States is now 22,760 tons and that for Europe 90,532. For shipments of coconut oil, the figure for United States should read 24,620 tons; and that for Europe, 6,360.

Argentine Flaxseed Estimate Revised Upward

The third official estimate places Argentina's 1963-64 flaxseed harvest at 30.3 million bushels compared with the second estimate of 28.3 million and the 1962-63 crop of 33.0 million.

Japan Taking More Edible Peanuts

The Japanese market for roasted peanuts appears to be expanding somewhat. Though much of the total demand is coverd by domestically produced Virginia-type peanuts, imports in 1963 were up sharply.

Japanese peanut production in 1963 was officially estimated at 99,800 metric tons, shelled basis. Unofficially, it is estimated that about 80 percent of each year's output is Virginia-type peanuts, and the remaining 20 percent, Spanish type. While domestic production appears to be fairly stable at about 100,000 tons, demand—particularly for edible purposes—has been rising. Consequently, peanut imports in 1963 rose to 9,853 tons from only 3,337 in 1962.

Practically all of the imported peanuts were used for roasting; only about 100 tons were crushed. Countries of origin and quantities imported from each in 1963 were as follows: South Africa, 4,131 tons; Tanganyika, 2,368; Nigeria, 242; Communist China, 2,473; and other Asi., 639 tons.

Peanut imports are under the fund allocation system. Before imports are allowed, the government must be convinced that the domestic supply will not be adequate to meet domestic needs.

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The government estimates that imports of peanuts for crushing in the Japanese fiscal year, beginning April 1, 1964, will be about 15,000 tons. The primary aim of policy allowing imports for crushing is to encourage peanut imports from Nigeria, which has an adverse trade balance with Japan and has been insisting on freer access to the Japanese market for raw materials. Since imports will still be under the fund allocation system, the government can easily control the origin of imports simply by refusing to grant import licenses to other countries.

Under present government plans, peanuts for crushing will be exempt from the import duty as of April 1. The duty on fresh peanuts is 20 percent ad valorem or 14 yen per kilogram, the equivalent of 1.76 U.S. cents per pound, whichever is greater. On roasted peanuts, the duty is 25 percent ad valorem.

Until the Japanese Government indicates some willingness to relax controls over peanut imports, there is little opportunity for expanding the U.S. market for edible-grade peanuts in Japan.

U.S. Rice Exports Increase Sharply

U.S. rice exports to all areas of the world rose in January compared with those the year before. They pushed the total for the first half of the marketing year close to a record. For details by area, see story on page 8.

RICE, MILLED[1]: U.S. EXPORTS TO SPECIFIED REGIONS, JANUARY 1964 WITH COMPARISONS

Destination	August-January		January	
	1962-63	1963-64	1963	1964
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
North America	38.9	58.2	2.7	18.1
South America	4.6	5.2	(2)	2.3
Europe	36.4	67.5	1.4	23.0
Asia	329.1	379.0	86.2	88.6
Oceania	3.9	4.3	0.2	0.6
Africa	54.6	54.8	.7	9.9
World total	467.5	569.0	91.2	142.5

[1] Includes small quantities of rough rice in milled equivalent.
[2] Less than 500 tons.
Bureau of the Census.

Sierra Leone Exports Less Palm Kernels

Exports of palm kernels from Sierra Leone in 1963 totaled 59,121 short tons, down 13 percent from the 68,304 tons exported in 1962. The United Kingdom and the Netherlands—the largest markets—took 37,089 tons and 13,560, respectively, against 55,873 and 7,349 in 1962.

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